

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT**

**Component Unit of the
Avoyelles Parish Police Jury
Marksville, Louisiana**

Financial Statements

December 31, 2011

DUCOTE & COMPANY
Certified Public Accountants
219 North Main Street
P. O. Box 309
Marksville, LA 71351

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

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Independent Auditors' Report

The Honorable William Bennett
The Honorable Mark Jeansonne
Twelfth Judicial District Court
Marksville, Louisiana

We have audited the accompanying basic financial statements of the Judicial Expense Fund of the Twelfth Judicial District Court of Louisiana, a component unit of the Avoyelles Parish Police Jury, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of management of the District Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Judicial Expense Fund of the Twelfth Judicial District Court of Louisiana, a component unit of the Avoyelles Parish Police Jury, as of December 31, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Honorable William Bennett
The Honorable Mark Jeansonne
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June 26, 2012

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2012, on our consideration of the Judicial Expense Fund of the Twelfth Judicial District Court of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Judicial Expense Fund of the Twelfth Judicial District Court of Louisiana has not presented Management's Discussion and Analysis that the Government Auditing Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Ducote & Company

Marksville, Louisiana
June 26, 2012

**BASIC
FINANCIAL STATEMENTS**

GOVERNMENT WIDE FINANCIAL STATEMENTS

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT
STATEMENT OF NET ASSETS
December 31, 2011**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$326,222
Accounts receivable	34,351
Machinery and equipment (net of accum depr)	<u>10,534</u>
TOTAL ASSETS	<u>371,108</u>
LIABILITIES	
Accounts payable	3,118
Accrued expenses	6,991
Fines payable	<u>199,510</u>
TOTAL LIABILITIES	<u>209,619</u>
NET ASSETS	
Investment in capital assets	10,534
Unrestricted	<u>150,954</u>
TOTAL NET ASSETS	<u><u>\$161,488</u></u>
 Total Governmental Fund Balance	 \$150,954
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds. The cost of the assets are \$50,808 and the accumulated depreciation is \$40,274.	 <u>10,534</u>
	<u><u>\$161,488</u></u>

The accompanying notes are an integral part of this financial statement.

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2011**

FUNCTIONS/PROGRAMS

Governmental Activities

	<u>Expenses</u>	<u>Program Operating Grants</u>	<u>Net Revenues (Expenses)</u>
General Government			
Salaries	\$251,719	\$259,349	\$7,630
Payroll taxes and insurance	34,779	35,833	1,054
Contract labor	93,870	96,715	2,845
Education and travel	13,133	13,531	398
Professional fees	11,978	12,341	363
Depreciation	2,977	3,067	90
Other expenses	72,692	74,894	2,202
TOTAL GOVERNMENTAL ACTIVITIES	<u><u>\$481,148</u></u>	<u><u>\$495,731</u></u>	<u><u>14,583</u></u>
General Revenues:			
Interest			908
Changes in net assets			15,492
Net assets - beginning of year			145,994
Net assets - end of year			<u><u>\$161,487</u></u>
Net change in fund balances - total governmental funds			\$10,947
Amount reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:			
	Capital outlay	7,522	
	Depreciation expense	<u>(2,977)</u>	4,545
Change in net assets of governmental activities.			<u><u>\$15,492</u></u>

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2011**

	Special Revenue Fund
	<u> </u>
ASSETS	
Cash	\$326,222
Accounts receivable	<u>34,351</u>
TOTAL ASSETS	<u><u>\$360,573</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$3,118
Accrued expenses	6,991
Fines payable	<u>199,510</u>
 Total Liabilities	<u><u>209,619</u></u>
 Fund Balances:	
Committed	<u>150,954</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$360,573</u></u>

The accompanying notes are an integral part of this financial statement.

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND
Year Ended December 31, 2011**

SPECIAL REVENUE FUND			
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessment fees	\$250,000	\$257,920	\$7,920
Intergovernmental grants	165,000	177,497	12,497
Federal grants	65,000	60,316	(4,684)
Interest	0	908	908
TOTAL REVENUES	<u>480,000</u>	<u>496,641</u>	<u>16,641</u>
EXPENDITURES			
General Government			
Salaries	250,000	251,719	(1,719)
Payroll taxes and insurance	40,900	34,779	6,121
Contract labor	92,000	93,870	(1,870)
Education and travel	12,000	13,133	(1,133)
Capital outlay	5,000	7,522	(2,522)
Professional fees	8,000	11,978	(3,978)
Other expenses	60,000	72,692	(12,692)
TOTAL EXPENDITURES	<u>467,900</u>	<u>485,694</u>	<u>(17,794)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$12,100</u>	10,947	<u>(\$1,153)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>140,007</u>	
FUND BALANCE, END OF YEAR		<u>\$150,954</u>	

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Judicial Expense Fund of the Twelfth Judicial District Court was created by Louisiana R.S. 13:996.33. The accounting and reporting policies of the Judicial Expense Fund for the Twelfth Judicial District Court conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to requirements of Louisiana Revised Statutes 24:517.

The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining component units of an oversight entity. The basic - but not the only - criterion for determining a component unit is the oversight's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but is not limited to,: 1) selection of governing authority; 2) the designation of management; and 3) the ability to significantly influence operations and accountability for fiscal matters.

The Judicial Expense Fund is a part of the operations of the district court system. The district court system is fiscally dependent on the police jury for office space and courtrooms. The substance of the relationship between the district court system and the police jury is that the police jury has approval authority over its capital budget.

Based on the above criteria it has been determined that the Judicial Expense Fund of the Twelfth Judicial District Court of Louisiana is a component unit of the Avoyelles Parish Police Jury.

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT WIDE FUND FINANCIAL STATEMENTS

The government wide fund financial statements report the information on all of the non-fiduciary activities of the Judicial Expense Fund of the Twelfth Judicial District Court. Governmental activities are normally supported by taxes and assessments which are reported separately from the business-type activities, which relay to a significant extent on fees and user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues includes fines and assessments charge for various violations.

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

FUND ACCOUNTING:

The accounts of the Court are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are to be controlled.

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND

Governmental funds account for all or most of the Judicial Expense Fund of the Twelfth Judicial District Court's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

BUDGETARY PRACTICES

In accordance with Louisiana Revised Statute 39:1301 through 39:1314, the Judicial Expense Fund of the Twelfth Judicial District Court is required to adopt an annual budget, but is not subject to the public participation laws as the proposed expenditures are less than \$500,000. All annual appropriations lapse at year end. Encumbrance accounting is not utilized.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Judicial Expense Fund of the Twelfth Judicial District Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the Judicial Expense Fund of the Twelfth Judicial District Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Machinery and equipment	5-7 years
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EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

Investment in capital assets – consists of capital assets including restricted assets, net of accumulated depreciation

Unrestricted net assets – consists of all other net assets that do not meet the definition of “invested in capital assets”.

GOVERNMENTAL FUND BALANCES

On January 1, 2011, the Fund adopted the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental fund types. In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable fund balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances – amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.

Committed fund balance – amounts that can be used only for specific purposes determined by a formal action by the judges of the Twelfth Judicial District Court.

Assigned fund balance – amounts that are constrained by the Fund’s intent that they will be used for specific purpose.

Unassigned fund balance - all other amounts not included in the other spendable classifications.

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND BALANCES (continued)

The Fund considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Fund also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH

At December 31, 2011, the Judicial Expense Fund for the Twelfth Judicial District Court has cash and cash equivalents (book balances) totaling \$326,222. *Custodial Credit Risk* is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At December 31, 2011, the Judicial Expense Fund for the Twelfth Judicial District Court has \$339,373 in deposits (collected bank balances), \$339,373 was covered by federal depository insurance (GASB Category 1), exposed to credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$339,373
Collateralized:	
Collateral held by pledging bank's trust department not in the agency's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$339,373</u>

JUDICIAL EXPENSE FUND FOR THE TWELFTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2011

NOTE 3 – CAPITAL ASSETS

The following is a summary of changes in the capital assets and depreciation activity for the year ended December 31, 2011:

	<u>Balance</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2011</u>
Machinery & equipment	\$43,286	\$7,522	\$0	\$50,808
Total Capital Assets	43,286	<u>\$7,522</u>	<u>\$0</u>	50,808
Less: Accum Depr	<u>(37,297)</u>	<u>(\$2,977)</u>	<u>\$0</u>	<u>(40,274)</u>
Net Capital Assets	<u>\$5,989</u>			<u>\$10,534</u>

NOTE 4 – RECEIVABLES

The receivables of \$34,351, as of December 31, 2011, are as follows:

Intergovernmental:	
Local fees	\$ 22,084
Grants	<u>11,467</u>
	<u>\$ 34,351</u>

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The payables of \$209,619 at December 31, 2011, are as follows:

Accounts payable	\$ 3,118
Withholdings	6,991
Client fines collected	<u>199,510</u>
	<u>\$209,619</u>

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT**

**NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2011**

NOTE 6 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The statutes which created the Fund place certain limitations and restrictions on the collections and disbursements of the Fund. The Fund is in compliance with all significant limitations and restrictions for 2011.

NOTE 7 – FUND BALANCES

Fund balances for the Fund consisted of the following as of December 31, 2011:

Committed fund balance – The committed fund balance consists of divisional expenditures totaling \$150,954 that are committed by the Judges of the Twelfth Judicial District Court.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 26, 2012, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2011, that required recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable William Bennett
The Honorable Mark Jeansonne
Twelfth Judicial District Court
Marksville, Louisiana

We have audited the financial statements of the Judicial Expense Fund of the Twelfth Judicial District Court (the Fund), for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Judicial Expense Fund of the Twelfth Judicial District's Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Expense Fund of the Twelfth Judicial District Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Judicial Expense Fund of the Twelfth Judicial District Court's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Bennett
Honorable Jeansonne
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June 26, 2012

Compliance and other matters

As part of obtaining reasonable assurance about whether the Judicial Expense Fund of the Twelfth Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management of the governing body and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Ducote & Company

Marksville, Louisiana
June 26, 2012

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT
SUMMARY OF AUDIT RESULTS AND FINDINGS
Year Ended December 31, 2011**

Section I – Summary of Auditors’ Results

A. Financial Statement Audit

1. The independent auditors’ report expresses an unqualified opinion on the financial statements of the Judicial Expense Fund for the Twelfth Judicial District Court.
2. No instances of internal control deficiencies were disclosed during the examination
3. No instances of noncompliance were disclosed during the examination.
4. No separate management letter was issued to the Judicial Expense Fund for the Twelfth Judicial District Court.

Section II – Financial Statement Findings

None

**JUDICIAL EXPENSE FUND FOR THE
TWELFTH JUDICIAL DISTRICT COURT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2011**

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Management Letter

None